

Date Mailed
June 8, 2000

BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Application for Proposed Modifications to Wisconsin Electric Power
Company's Gas Cost Recovery Mechanism to a Gas Cost Incentive
Mechanism and Establishment of a Single Effective Gas Cost for
Customers Served by Wisconsin Electric Power Company and
Wisconsin Gas Company

6630-GR-101

**NOTICE OF PROCEEDING
AND
INVESTIGATION AND ASSESSMENT OF COSTS
AND
NOTICE OF PREHEARING CONFERENCE**

Prehearing Conference Date:	Tuesday, June 20, 2000 – 9:30 a.m.
Conference Location:	Public Service Commission, 610 North Whitney Way, Madison, WI

THIS IS A PROCEEDING TO consider Wisconsin Electric Power Company's (applicant or WEPCO) application, filed May 23, 2000, for approval to modify its existing gas cost recovery mechanism (GCRM). Applicant, as a natural gas public utility, is required by the Commission's order in docket 05-GI-106 to implement a GCRM consistent with the requirements of that order. WEPCO elected to implement a modified-one-for-one GCRM which was approved by the Commission in docket 6630-GR-100. Applicant now seeks Commission approval under Wis. Stat. § 196.20(2m) for authority to implement an incentive GCRM.

In addition, consistent with its recent acquisition of WICOR, Wisconsin Energy Corporation has also requested permission to establish a single gas cost for customers served by WEPCO and Wisconsin Gas Company (WGC.) By letter dated May 31, 2000, applicant supplemented its filing by proposing to: 1) combine all its costs authorized for PGA recovery with the comparable costs of WGC; 2) establish new base gas cost components; 3) calculate future purchased gas adjustment cost factors based on the combined billing determinants; and 4) apply the resulting cost factors to its customers. If approved by the Commission, changes would be made pursuant to Wis. Stat. §§ 196.13, 196.20 (2m) and 196.52.

In addition, the amended application states:

Wisconsin Gas and WEGO (collectively, the “Companies”) intend to operate, as part of their utility operations, a single portfolio and GCRM as a result of the merger managed by a single supply group. The practical effect of the proposal will result in customers of the Companies of having the same gas cost. Costs for some customers may be somewhat greater than, or somewhat less than, the cost that they would be paid under the existing separate portfolio and PGC calculation. The Companies believe that any cost difference will be less than five percent (5%) of the customer’s total gas related energy costs.

Copies of the company's application, prefiled testimony and exhibits may be obtained by written request to the applicant at its office at 231 West Michigan Avenue, Milwaukee, Wisconsin 53201.

NOTICE IS GIVEN that the Commission considers it necessary, in order to carry out its duties, to investigate all books, accounts, practices, and activities of the applicant. The expenses incurred or to be incurred by the Commission which are reasonably attributable to such an investigation will be assessed against and collected from the applicant in accordance with the provisions of Wis. Stat. § 196.85 and Wis. Admin. Code ch. PSC 5.

This is a Type III action according to Wis. Admin. Code § PSC 4.20(3). No unusual circumstances have come to the attention of the Commission that would require further environmental review. It consequently requires neither an environmental impact statement under Wis. Stat. § 1.11, nor an environmental assessment.

The Commission will hold a prehearing conference on Tuesday, June 20, 2000, at 9:30 a.m. The prehearing conference will be a joint conference and will also address the issues raised by Wisconsin Gas Company’s application in docket 6650-GR-116 for similar changes in WGC’s GCRM and gas cost calculations. The prehearing conference will be held in the Amnicon Falls Hearing Room at the Public Service Commission Building, 610 North Whitney Way, Madison, Wisconsin, and may be continued at times to be set by the presiding Administrative Law Judge. This building is accessible to people in wheelchairs through the Whitney Way first floor (lobby) entrance. Parking for people with disabilities is available on the south side of the building. Any person with a disability who needs additional accommodations should contact the case coordinator listed below. The prehearing conference will be a joint conference incorporating the issues of Wisconsin Gas Company's application, docket 6650-GR-116, for similar changes in its gas cost recovery mechanism and gas cost calculations.

The prehearing conference is being held to: (1) identify persons who will actively participate as full parties; (2) identify issues; (3) determine the date and time for a hearing; (4) specify dates for filing testimony and exhibits; and (5) any other matters that will facilitate the hearing.

Any person desiring to become a party shall file a request pursuant to Wis. Stat. § 227.44(2m) and Wis. Admin. Code § PSC 2.32(3) no later than noon, Thursday, June 15, 2000. The request shall be addressed to Administrative Law Judge, Jeffrey J. Patzke, Public Service Commission of Wisconsin, P.O. Box 7854, Madison, Wisconsin 53707-7854.

This is a Class 1 proceeding as defined in Wis. Stat. § 227.01(3)(a).

The Commission does not discriminate on the basis of disability in the provision of programs, services, or employment. Any person with a disability who needs accommodations to participate in this proceeding or who needs to obtain this document in a different format should contact the case coordinator listed below.

Questions from the media may be directed to Jeffrey L. Butson, Public Affairs Director at (608) 267-0912.

Questions regarding this matter may be directed to case coordinator Christine A. Swailes at (608) 266-8776.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

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